

LGC Investment Summit – September 2017

Governance and Value for money

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Topics

- Governance
- Value for money
- Developing issues
- Some further thoughts
- Discussion

Good Governance

- Fund Structure and Decision Taking
 - Lean and efficient
 - Effective
 - Properly advised and evidence based
- Skills, Expertise and Resourcing
 - Investment selection
 - Investment performance
 - Administration
- Management of external relationships (e.g. Pools; Pensions Regulator; Scheme Members)
- Role of Advisors
 - Independent
 - Access to Research and expertise
- Risk Management
- Resilience and Sustainability of the whole kit and caboodle

Fiduciary Duty must remain sovereign

Value for Money

- Investment Strategy Statement
- Asset Allocations
- Selection of Fund Managers
- Review of Manager performance
- Management overheads (Fund and now pools)
- Cost Transparency
 - Fees
 - Performance Fees
 - Other Fees
 - Transition Costs

Acid test - performance (net of costs) over time

Developing Issues

- The pace of pooling – is it realistic or advisable?
- ACS structures (or not)
- Transition costs
- Business cases for investment decisions
- Cost Transparency
- Future role of the pensions regulator
- Covenants of employing bodies (e.g. FE Colleges; Academies)
- Advisor Independence

Some Idle Thoughts

- When did you last review your governance arrangements?
- How did you approach the review?
- Are you getting all that you can out of your Local Pensions Board?
- Have you established operational guidelines for transition to pools?
- Do you understand current and future costs to your fund?
- How are you managing the ESG influences?
- Are you suitably concerned about administration and data quality?
- Are your advisors sufficiently independent?
- Does your investment management strategy (ISS) say what it means?
- How will relative performance of pools be measured?
- How will failed pool investments be handled?
- Why are pools duplicating some of their efforts?

Let's Chat